



# CORE FIXED INCOME

City of Burlington Employees' Retirement System

May 20, 2019



## PRESENTERS & FIRM SUMMARY

### Dales Coates, CFA

VICE PRESIDENT & PORTFOLIO MANAGER  
DCOATES@JOHNSONASSET.COM

### Michael Hoover

DIRECTOR, INSTITUTIONAL SALES & CLIENT SERVICE  
MHOOVER@JOHNSONASSET.COM

Johnson Asset Management is a national investment management firm based in Cincinnati, Ohio. We are an independent, 100% employee-owned firm with over \$3.4 billion in institutional assets under management and over \$11.5 billion in total firm wide assets under management. We have managed institutional assets since 1976.

Our proven and repeatable Quality-Yield investment approach to building portfolios combined with the extensive experience and continuity of our investment team, has continued to result in a high batting average of success for our clients. Throughout our firm's history, we have never lost an institutional portfolio manager and anyone who has ever directly contributed to our results is still involved in the process.

Our **Core Fixed Income** strategy has outperformed the Aggregate Index for 16 out of the past 17 years.\*

Our **Intermediate Fixed Income** strategy has outperformed the Intermediate G/C Index for 16 out of the past 17 years. \*

*\*This performance information is provided by eVestment as of December 31, 2018 and is reflected as gross-of-fees. We have included a complete table highlighting our institutional composite performance (gross and net) and a complete listing of our management fees within this update.*

*\*This information has been compiled for usage in one-on-one presentations. The performance figures presented are gross of fees and thus do not reflect the deduction of investment advisory fees. The annual investment management fee schedule for the strategy presented is as follows: 0.25% on the first \$50 million, 0.20% on the next \$50 million, 0.10% on the next \$400 million, and 0.05% thereafter. A client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its advisory account. As an example and assuming a 4% annual rate of return, an advisory fee of 0.25% on a \$1,000,000 account diminishes the return by \$2,600 in year 1; \$5,297 by year 2; and \$8,095 by year 3. Further information on investment advisory fees can be found in Part 2A of Johnson Investment Counsel's Form ADV which is available upon request.*



# CONTENTS

FIRM OVERVIEW	PAGE 3
INVESTMENT OBJECTIVES & PHILOSOPHY	PAGE 8
INVESTMENT DISCIPLINE & PROCESS	PAGE 10
RISK MANAGEMENT & SELL DISCIPLINE	PAGE 15
PORTFOLIO COMPOSITION	PAGE 16
PERFORMANCE	PAGE 17
DISTINGUISHING CHARACTERISTICS	PAGE 19
APPENDIX	PAGE 20



## A STABLE FIRM BUILT FOR OUR CLIENT'S NEEDS

- » Founded in 1965
- » Based in Cincinnati, Ohio
- » Satellite Offices in Chicago and Indianapolis
- » Division of Johnson Investment Counsel
- » Independent and 100% employee-owned
- » Managing institutional assets since 1976
- » Over \$3.4 billion in institutional assets under management—over \$11.5 billion in total firm assets under management
- » Fixed Income Strategy Team has an average of over 20 years industry experience

“Tim Johnson founded the firm on the idea of merging proven portfolio management with his genuine interest in helping people and institutions.”

- Jason Jackman, CFA, President & Chief Investment Officer

## A CLIENT FIRST CULTURE

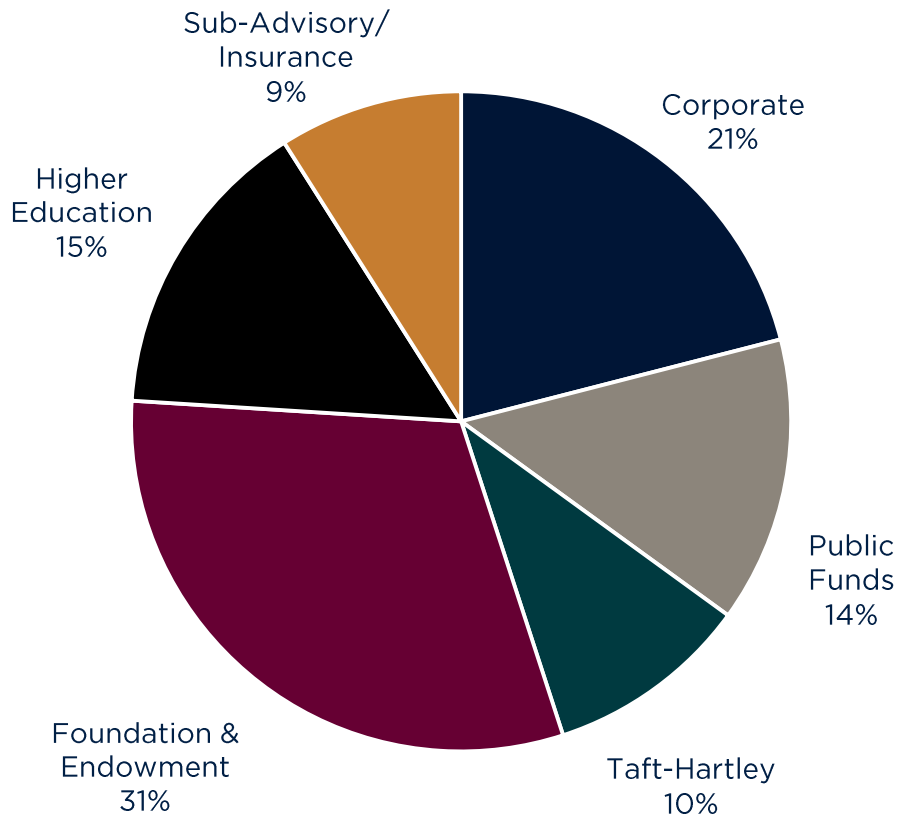
- » Customized institutional Fixed Income solutions since 1976
- » Dedicated client service and full access to the investment team
- » Our independence aligns our interests with that of the clients
- » Customized client reporting and service
- » Independent and 100% employee-owned
- » Open, proactive, and transparent communication in all aspects of our engagement
- » We take a personal approach to deep-rooted and long-term professional relationships

“We don’t sell products.  
We build investment partnerships.”

Timothy Johnson, Ph.D.  
Founder & Chairman

# INSTITUTIONAL ASSETS & CAPABILITIES

## Institutional Accounts by Client Type:



## Fixed Income Investment Strategies

- Short Duration Fixed Income
- Intermediate Fixed Income
- Core Fixed Income
- Long Duration Fixed Income
- Custom Liability-Driven Investment

## Equity Investment Strategies

- Enhanced Index
- SMID Cap Core Equity

## Investment Vehicles

- Separate Accounts
- Mutual Funds:
  - Johnson Short Duration Bond Fund (JIBDX)
  - Johnson Intermediate Bond Fund (JIBEX)
  - Johnson Core Bond Fund (JIBFX)
  - Johnson Enhanced Return Fund (JENHX)
  - Johnson Opportunity Fund (JOPPX)

# PARTNERING WITH A DIVERSE CLIENT BASE

## Corporate

- Diocese of West Tennessee Endowment Corp.
- Mercy Health System
- NCR Corporation
- U.C. Health

## Higher Education

- Baker College (MI)
- North Park University (IL)
- Ohio Inter-University Council
- Ohio University & Foundation
- Southern Illinois University
- University of Cincinnati
- University of Dayton

## Sub-Advisory/Insurance

- CIRCA – Construction & Risk Captive of America Ltd.
- Covenant Trust Company (IL)
- Hilliard Lyons
- Johnson Bank (WI)
- Private Bank (IL)
- SeaCrest Wealth Management
- WMSH Insurance SPC, Ltd.

## Endowment/Foundation

- ArtsWave
- Cincinnati Opera Association
- Cincinnati Playhouse in the Park
- Cincinnati Zoo Foundation
- Christian Theological Seminary
- Columbia St. Mary's Foundation (WI)
- Greater Cincinnati Foundation
- Great Parks of Hamilton County Foundation
- Interact For Health
- Kappa Alpha Theta
- Ohio School Boards Association
- Sacred Heart Schools (IL)
- Saint Thomas Health Fund (TN)
- St. Christopher's School Foundation (VA)
- United Way of Greater Cincinnati

## Public Funds

- Chattanooga (TN) Fire and Police Pension Fund
- City of Chattanooga (TN) General Pension Plan
- City of Clawson (MI) Fire Department
- City of Highland Heights (KY)
- Guadalupe-Blanco (TX) River Authority
- Jefferson Health Plan (OH)
- Lyons (IL) Police Pension Fund
- Melrose Park (IL) Firefighters Pension Fund
- Melrose Park (IL) Police Pension Fund
- North Kansas City Police & Fire Retirement Fund
- Ohio Highway Patrol Retirement System
- Ohio School Employees Retirement System
- Vanderburgh County (IN) Police Pension Fund

## Taft-Hartley

- Indiana Electrical Workers Pension Trust Fund, IBEW
- IUE Local 475
- Operative Plasterers & Cement Masons Local 109
- Teamsters Local 731 Excavators & Pavers Pension Fund
- Teamsters Local 731 Excavating, Grading & Asphalt Craft H&W Fund
- U.A. Local 198 Plumbers & Pipefitters Pension Fund
- Union Construction Workers Health Plan

# FIXED INCOME INVESTMENT TEAM

## Fixed Income Strategy Team

**Jason Jackman, CFA**  
President & Chief  
Investment Officer, Principal  
*25 years*

**Dale Coates, CFA**  
Vice President &  
Portfolio Manager, Principal  
*36 years*

**Michael Leisring, CFA**  
Director of Fixed Income &  
Portfolio Manager, Principal  
*19 years*

**Brandon Zureick, CFA**  
Portfolio Manager, Principal  
*10 years*

**David Theobald, CFA**  
Portfolio Manager  
*11 years*

## Research

**Aaron Taylor, CFA**  
Research Analyst  
Energy, Healthcare,  
Materials, Utilities  
*23 years*

**William Jung, CFA**  
Research Analyst  
Financials  
*18 years*

**Joe Edelstein, CFA**  
Research Analyst  
Consumer Discretionary,  
Consumer Staples  
*13 years*

**Chris Godby, CFA**  
Research Analyst  
Technology, Telecom  
*12 years*

**Bryan Andress**  
Research Analyst  
Industrials  
*5 years*

**Brad Morrissey**  
Research Associate  
REITs  
*2 years*

## Trading

**Ryan Martin, CFA**  
Research Analyst  
*5 years*

**Emilia Connor**  
Research Associate  
& Trader  
*1 year*

## Compliance

**Scott Bischoff, IACCP**  
Chief Compliance  
Officer, Principal  
*30 years*

**Marc Figgins**  
Director of Fund Services  
*32 years*

**Kathy Sias**  
Risk Officer  
*21 years*





# INVESTMENT OBJECTIVE

## Objective

Our primary objective across all duration mandates is to outperform the market with comparable volatility by utilizing our proprietary and unique **Quality Yield** investment approach and the deep experience and continuity of our team.

Overall we strive to deliver our clients consistent, long-term investment solutions based upon their unique investment objectives along with customized and proactive client service.

## Portfolio

- » 100% investment grade securities
- » Duration between 80% - 120% of benchmark (110% normal)
- » Diversification by sector, issuer and maturity
- » Expected annual turnover between 20%-40%
- » Typical portfolio holds between 60-80 securities
- » No derivatives, no junk, no foreign currency exposure
- » No interest rate speculation



# INVESTMENT PHILOSOPHY

## **Our Fixed Income investment philosophy is based on the following beliefs**

- » We believe bonds should act like bonds, especially during periods of stress
- » We believe combining both Quality and Yield produces superior, risk-adjusted returns

## **The problem with focusing only on quality**

- » Produces inferior yield and total return profile (tends to have high government allocation)
- » Limited buffer to rising interest rates
- » Managers often attempt to manufacture alpha through interest rate speculation

## **The problem with focusing only on yield**

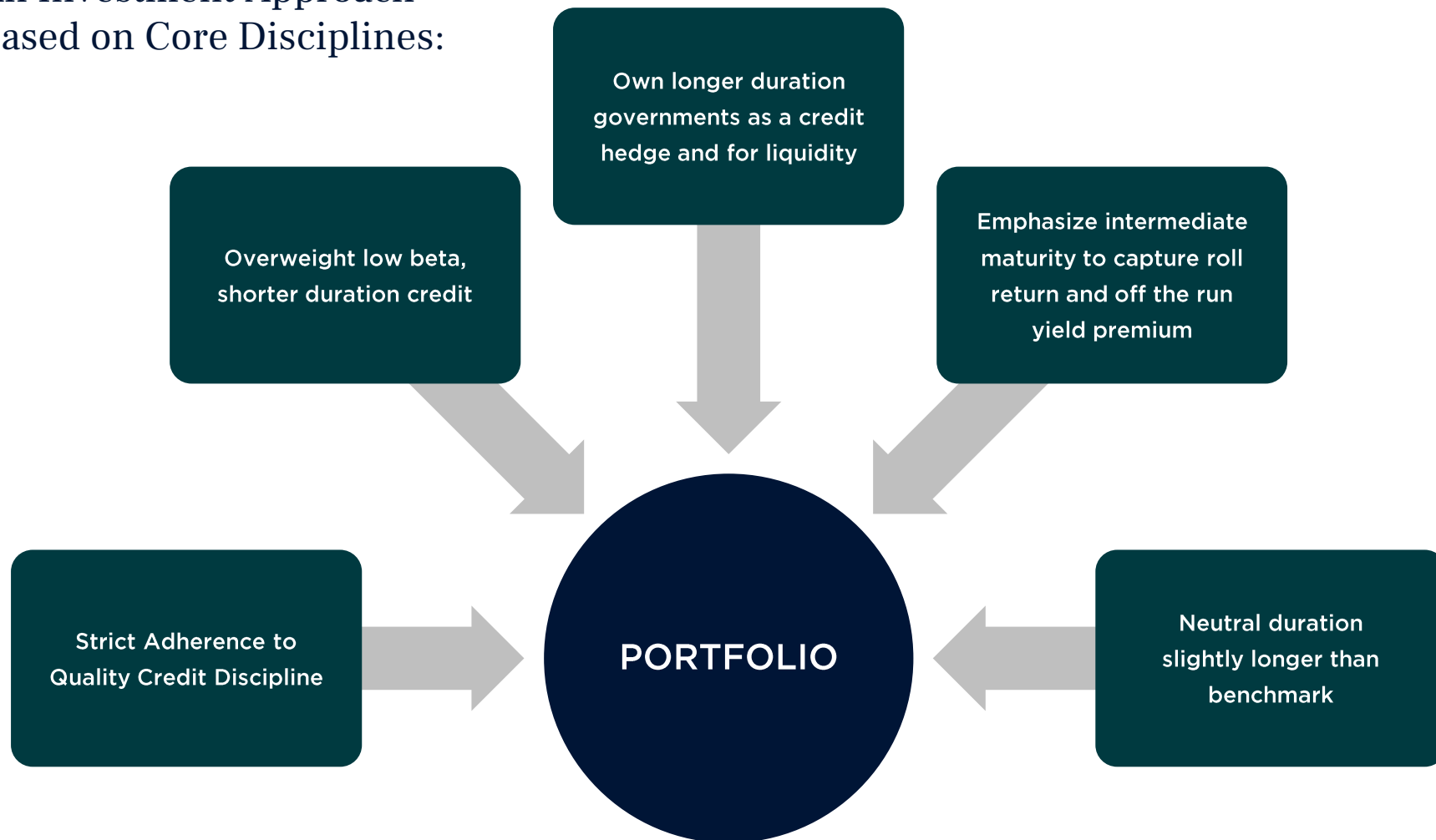
- » Limited downside protection – prone to unpleasant surprises
- » High correlation with equity markets – inferior portfolio diversifier
- » Managers add layers of additional risk – junk, non-dollar, derivatives

“Most managers offer Quality or Yield and miss the sweet spot of offering both.”

Jason Jackman, CFA  
President & Chief Investment Officer

# INVESTMENT DISCIPLINE

An Investment Approach  
based on Core Disciplines:



# CREDIT EMPHASIS WITH DOWNSIDE RISK PROTECTION

## Performance during the Worst Quarters for Stocks since 1994\*

QUARTER ENDING	S&P 500 INDEX	BARCLAYS HIGH YIELD	BARCLAYS AGGREGATE	JOHNSON CORE FIXED INCOME	RELATIVE PERFORMANCE
DEC-08	-21.9%	-17.88%	4.58%	8.37%	3.79%
SEP-02	-17.3%	-2.93%	4.58%	5.41%	0.83%
SEP-01	-14.7%	-4.23%	4.61%	4.98%	0.37%
SEP-11	-13.9%	-6.06%	3.82%	3.94%	0.12%
DEC-18	-13.5%	-4.53%	1.64%	1.40%	-0.24%
JUN-02	-13.4%	-6.41%	3.69%	4.34%	0.65%
MAR-01	-11.9%	6.36%	3.03%	3.68%	0.65%
JUN-10	-11.4%	-0.11%	3.49%	3.71%	0.22%
MAR-09	-11.0%	5.98%	0.12%	-0.25%	-0.37%
SEP-98	-10.0%	-4.55%	4.23%	5.30%	1.07%
MAR-08	-9.4%	-3.02%	2.17%	3.20%	1.03%
<b>AVERAGE</b>	<b>-13.5%</b>	<b>-3.40%</b>	<b>3.27%</b>	<b>4.01%</b>	<b>0.74%</b>

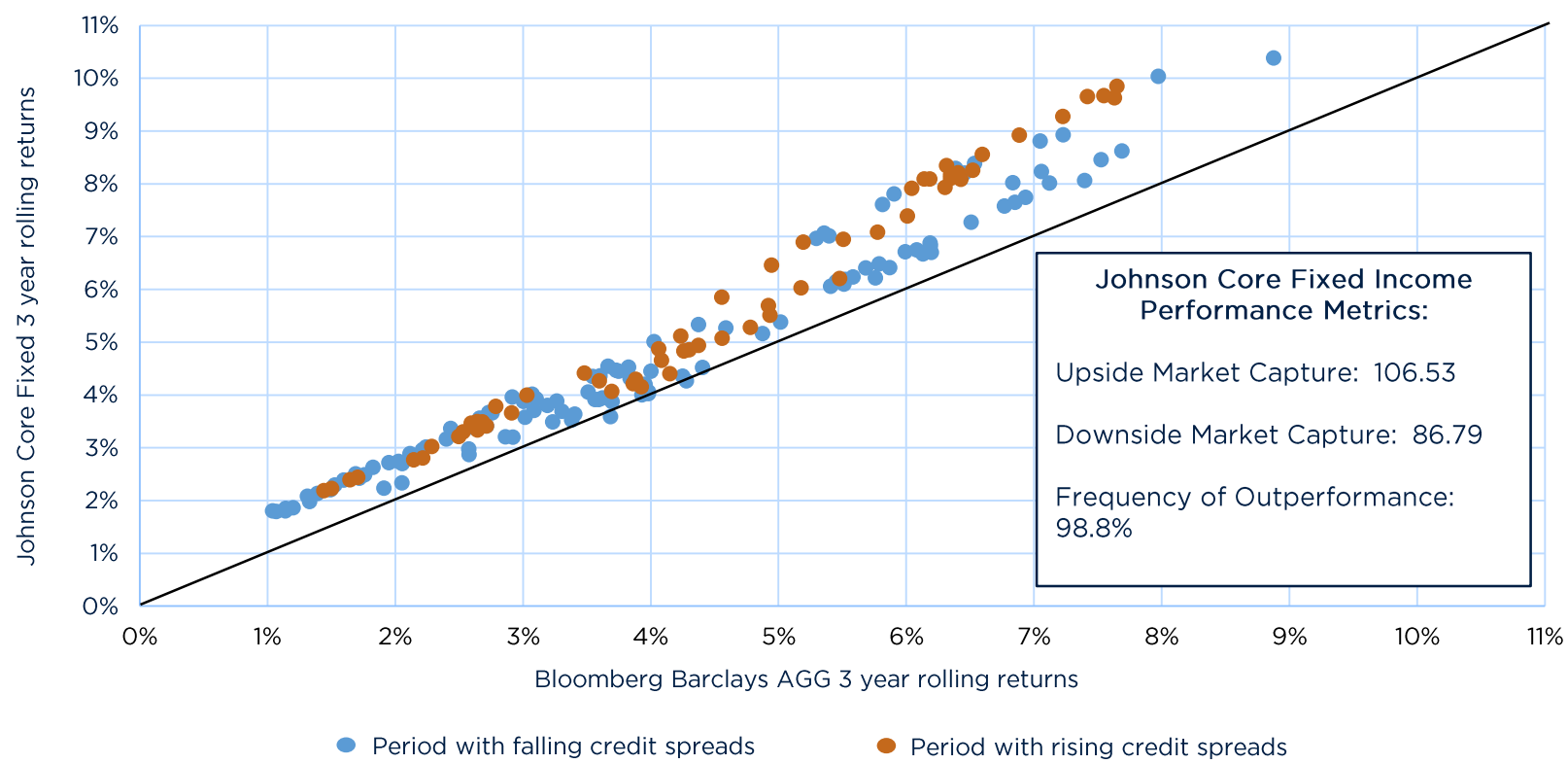
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# CONSISTENT OUTPERFORMANCE IN ALL MARKET ENVIRONMENTS

## Johnson Core Fixed Income vs. Bloomberg Barclays Aggregate Rolling 3 Year Returns



The source for all data is the eVestment Alliance database. Rolling 3 year periods from 1/2002 to 3/2019. This information has been compiled for usage in one-on-one presentations. The performance figures presented are gross of fees and thus do not reflect the deduction of investment advisory fees. The annual investment management fee schedule for the strategy presented is as follows: 0.25% on the first \$50 million, 0.20% on the next \$50 million, 0.10% on the next \$400 million, and 0.05% thereafter. A client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its advisory account. As an example and assuming a 4% annual rate of return, an advisory fee of 0.25% on a \$1,000,000 account diminishes the return by \$2,600 in year 1; \$5,297 by year 2; and \$32,133 by year 3. Further information on investment advisory fees can be found in Part 2A of Johnson Investment Counsel's Form ADV which is available upon request.

## INVESTMENT PROCESS: BOTTOM-UP FUNDAMENTAL ANALYSIS



### **Rigorous fundamental credit analysis process to identify potential corporate issuers**

- » Quality and yield are not incompatible
- » Screen out sectors and issuers that don't meet our quality yield discipline
- » Unanimous approval required from Fixed Income Strategy Team

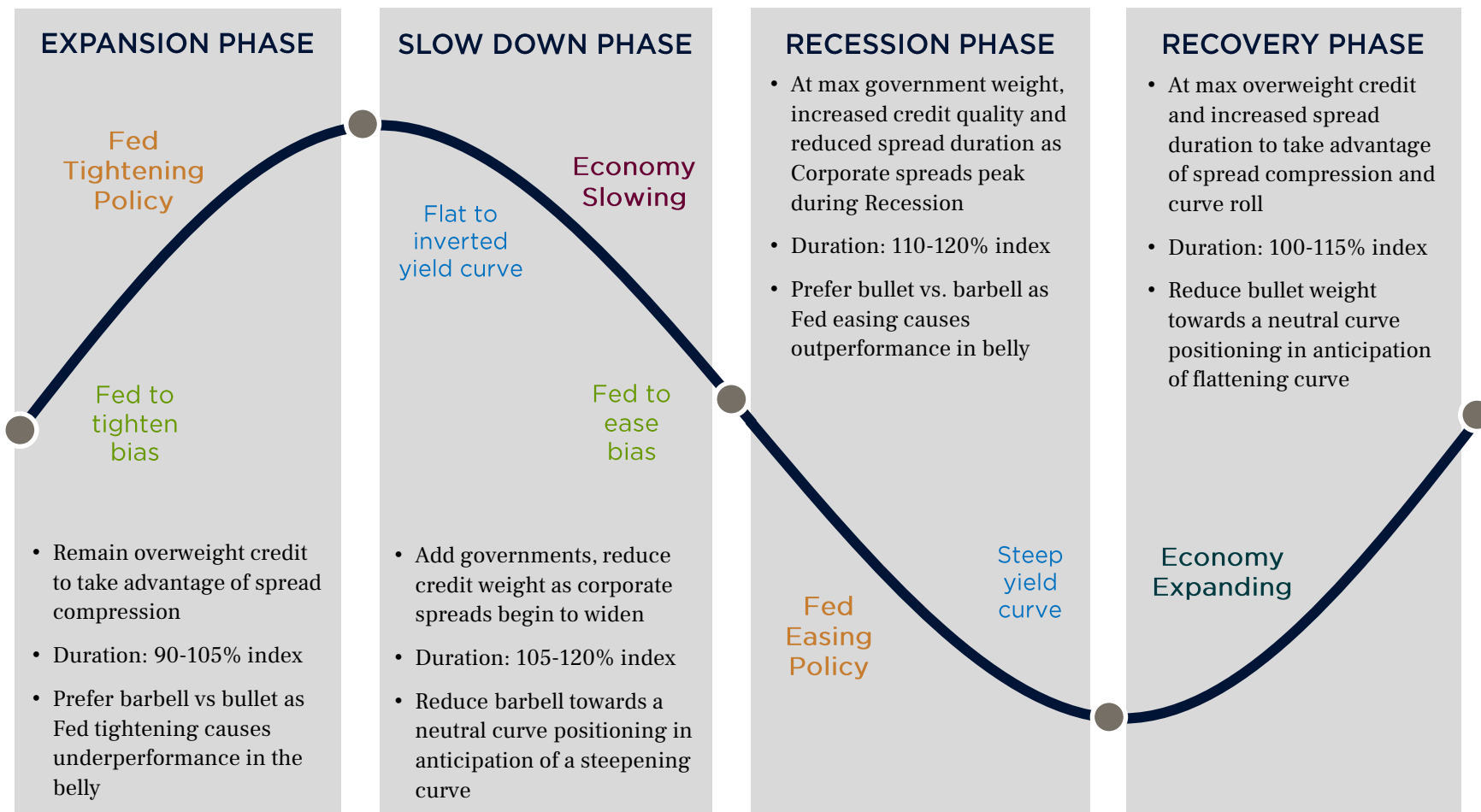
### **Relative value is always assessed within the framework of our quality discipline**

- » Assess relative value amongst sectors, quality, issuers and individual credit curves
- » Relative value is more than just yield spread
- » Identify MBS with stable cash flow profiles that limit prepayment variability & duration extension risk

### **Exploit market and trading inefficiencies**

- » Earn roll-down return
- » Take advantage of credit curve anomalies
- » Capture off-the-run yield premium

# INVESTMENT PROCESS: TOP DOWN OVERLAY



# RISK MANAGEMENT & SELL DISCIPLINE

## RISK MANAGEMENT

### SECURITY LEVEL

- Stable to improving fundamentals
- Avoidance of fundamental decline stories
- Identify and avoid credit cliffs
- Avoid cyclicity and commodity sensitivity
- Able to withstand recessionary stress test

### PORTFOLIO LEVEL

- Position sizes scaled between 1 - 5% based on quality
- Diversification by sector, maturity, quality and issuer
- Duration limit of 80 – 120% of benchmark
- Scenario analysis against risk factors

## SELL DISCIPLINE

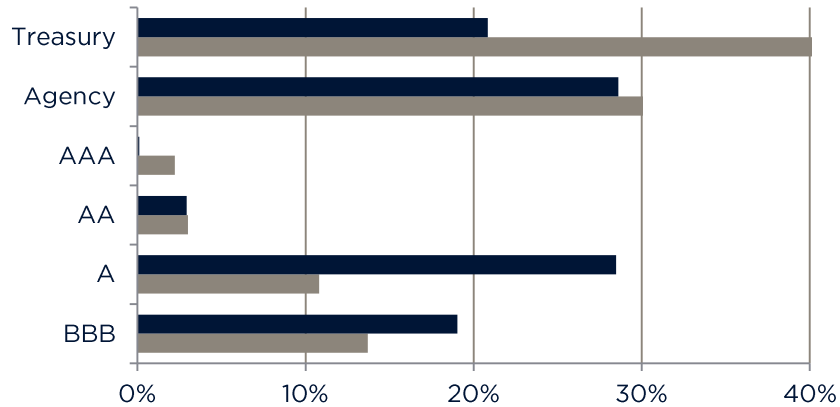
### BONDS CAN BE SOLD FOR VARIOUS REASONS – WE DO NOT DEVIATE FROM OUR PROCESS.

- Our credit monitoring process indicates a bond is at increased risk of an unexpected downgrade
- Our analysis indicates that a bond may underperform a more attractive opportunity
- A strategic sell is initiated in what we believe is an overpriced security
- A new strategy is being initiated within the portfolio

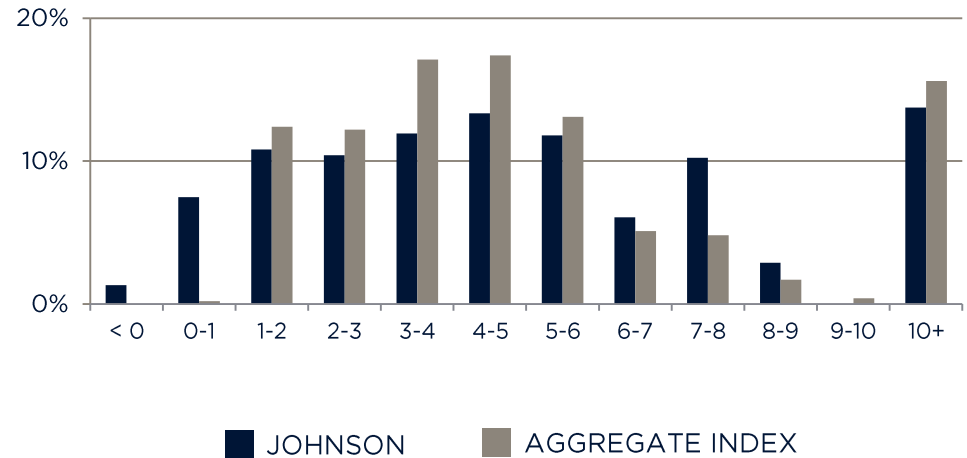


# CORE PORTFOLIO COMPOSITION

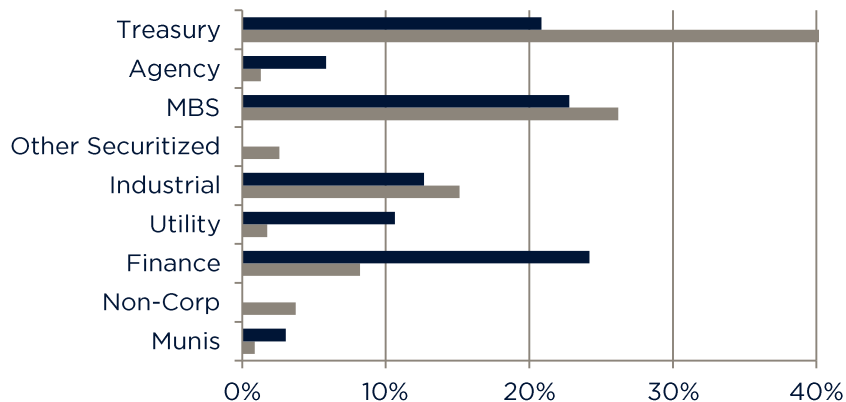
## QUALITY WEIGHTINGS



## DURATION ALLOCATION



## SECTOR WEIGHTINGS

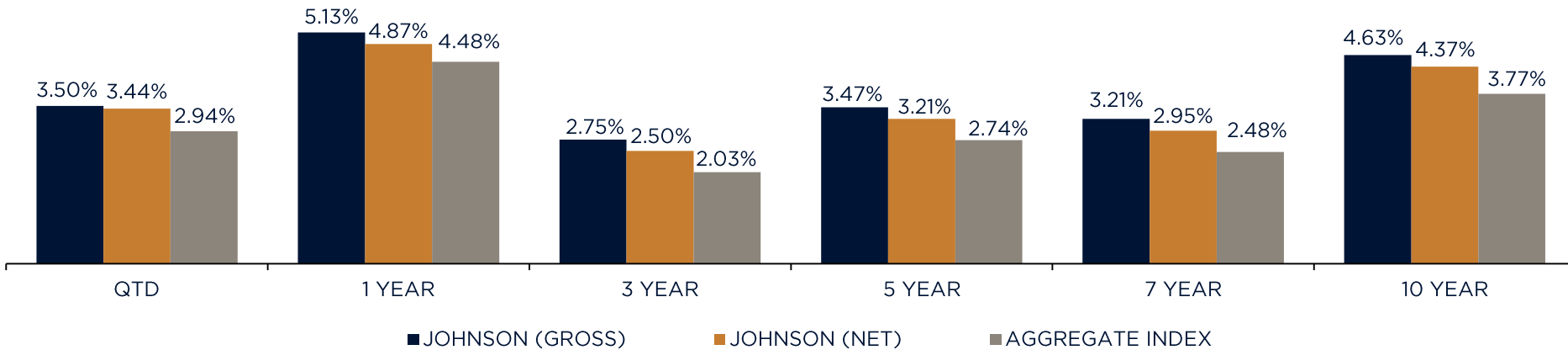


PORTFOLIO SUMMARY	JOHNSON	INDEX
COUPON	3.28%	3.23%
YIELD TO MATURITY	2.97%	2.93%
WEIGHTED AVG. MATURITY (IN YRS)	7.50	8.07
WEIGHTED AVG. DURATION (IN YRS)	6.09	5.82
CONVEXITY	0.28	0.13

# PERFORMANCE

## JOHNSON CORE FIXED INCOME

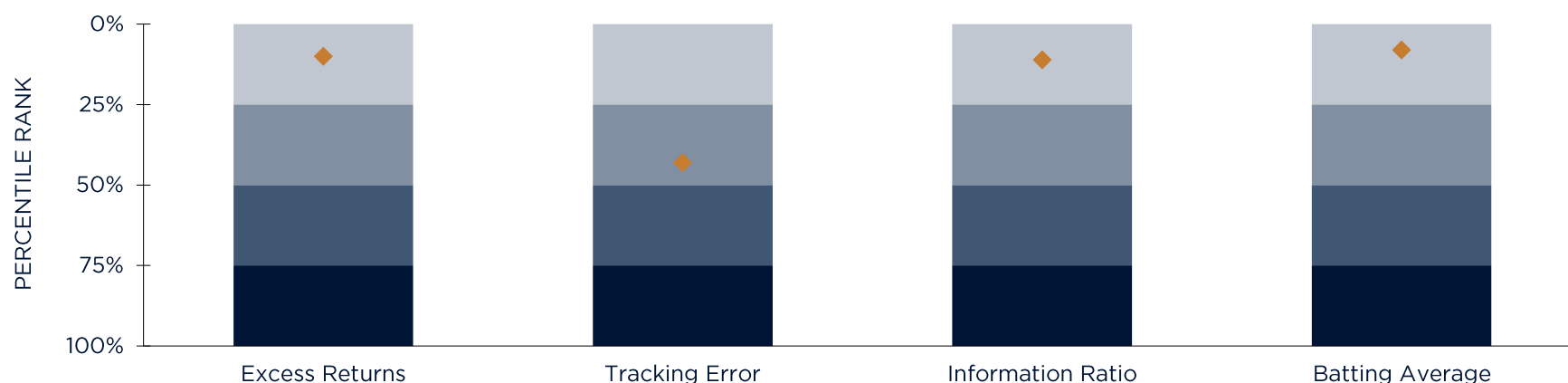
(periods ending 3/31/2019)



## ANNUAL RETURNS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>JOHNSON (GROSS)</b>	0.23%	4.12%	3.81%	1.16%	7.10%	-1.52%	5.29%	8.12%	7.09%	7.52%	8.82%
<b>JOHNSON (NET)</b>	-0.02%	3.86%	3.55%	0.91%	6.84%	-1.76%	5.03%	7.86%	6.83%	7.26%	8.55%
<b>AGGREGATE INDEX</b>	0.01%	3.54%	2.65%	0.55%	5.97%	-2.02%	4.22%	7.84%	6.54%	5.93%	5.24%

# RISK ADJUSTED PERFORMANCE



	EXCESS RETURNS	TRACKING ERROR	INFORMATION RATIO	BATTING AVERAGE
5 <sup>TH</sup> PERCENTILE	1.02	0.60	0.85	0.80
25 <sup>TH</sup> PERCENTILE	0.70	0.92	0.51	0.72
MEDIAN	0.46	1.24	0.37	0.65
75 <sup>TH</sup> PERCENTILE	0.25	1.83	0.18	0.59
95 <sup>TH</sup> PERCENTILE	-0.11	3.26	-0.04	0.48
# OF OBSERVATIONS	161	161	161	161

FIRM/PRODUCT	EXCESS RETURNS	RANK	TRACKING ERROR	RANK	INFORMATION RATIO	RANK	BATTING AVERAGE	RANK
JOHNSON ASSET MANAGEMENT CORE FIXED INCOME	0.86	10	1.13	43	.76	11	0.75	8

Note: eVestment Alliance Core Fixed Income: 1Q2002-1Q2019 vs. Barclay's Capital Aggregate Index.



# WHY JOHNSON FIXED INCOME?

## **Consistency in People, Process, and Performance**

- » Same experienced team and same proven process has led to a high batting average of success

## **Quality and Yield - the Sweet Spot of the Bond Market**

- » More income to outperform, yet with downside protection

## **Better Portfolio Compliment and Diversifier**

- » Outperformance in volatile and down equity markets provides total portfolio support

## **Multiple Ways to Add Alpha**

- » Proven investment discipline limits downside surprises and tail risk

## **Dedicated Client Service Team with a Client First Culture**

- » A dedicated focus on client service with full access to the investment team

# APPENDIX





## MANAGEMENT FEES

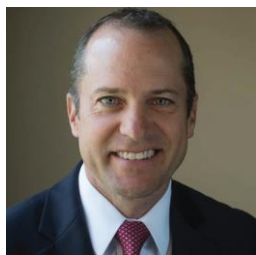
### JOHNSON ASSET MANAGEMENT FIXED INCOME FEE SCHEDULE

FIRST \$50 MILLION	25 bps
NEXT \$50 MILLION	20 bps
OVER \$100 MILLION	10 bps

Institutional minimum separate account is generally \$5 million.



## FIXED INCOME STRATEGY TEAM

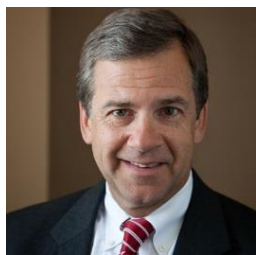


### » **Jason Jackman, CFA,** PRESIDENT & CIO, PRINCIPAL

Jason Jackman is the President and Chief Investment Officer for Johnson Investment Counsel. Previously, he was Director of Fixed Income and Institutional Management. Jason has been with the firm since 1993, joining soon after earning his bachelor's degree in economics from Wittenberg University. He holds the Chartered Financial Analyst designation and is a member of the Cincinnati Society of Financial Analysts.

He sits on the Board of Directors of the Cincinnati Regional Business Committee and is on the Board of Trustees for St. Elizabeth Healthcare. Jason serves as President and as a member of the Executive Committee of the Northern Kentucky University Foundation where he formerly served as the Investment Committee Chair. Jason also serves as Board Member and Treasurer for the Young Presidents Organization (YPO).

In the past, Jason has served on the Board of Directors of the Cincinnati Ballet (2007-2009), the Board of Directors and as Treasurer for the St. Vincent DePaul Charitable Pharmacy (2004-2008), the Board of Directors and Treasurer of The Carnegie (1995-2007), the Executive Committee and Finance Chair for Vision 2015 (2006-2016), the Board of Trustees and as Treasurer of Central Clinic (1996-2002) and was a founding member and past president of Legacy (1999-2010). Jason served on the Board of Trustees for the UC Economics Center, the Board of Governors for The Metropolitan Club, and the Endowment Committee for Immanuel United Methodist Church. Jason was a member of Regional Success by Six Leadership of the United Way of Greater Cincinnati as well as Leadership Cincinnati XXVII. Jason received the Business Courier's Forty Under 40 Award in 2006.

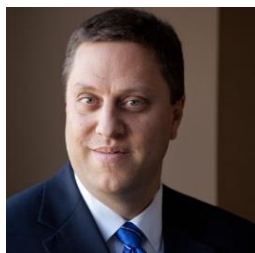


### » **Dale Coates, CFA,** VICE PRESIDENT & PORTFOLIO MANAGER, PRINCIPAL

Mr. Coates joined Johnson Asset Management in 1989 and serves as Vice President and Portfolio Manager. Dale is also a Principal of the firm and is a member of our Fixed Income Strategy Team responsible for the management and oversight of all of our Fixed Income strategies. He has over 37 years of industry experience including roles within Johnson as Director of Fixed Income and as a Private Client Portfolio Manager. Dale currently serves on the Johnson Investment Counsel Shareholder Board and has previously served on the Executive Leadership Team in addition to our Equity Investment Committee. Prior to joining the firm, Dale worked for Fifth Third Bank as a Senior Trust Investment Officer.

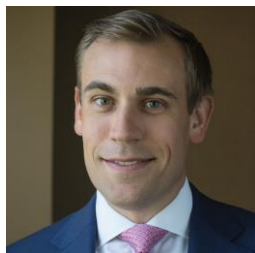
Dale serves as Board Chairman and Finance Committee Chairman for the Christian Benevolent Association Foundation, a Board Member for the Christian Village Communities Board and is a past President of the CFA Society of Cincinnati. Mr. Coates received a B.S. in Finance & Economics from Miami University and holds the Chartered Financial Analyst designation.

## FIXED INCOME STRATEGY TEAM



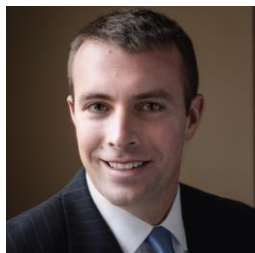
» **Michael Leisring, CFA**, DIRECTOR OF FIXED INCOME & PORTFOLIO MANAGER, PRINCIPAL

Mr. Leisring joined Johnson Asset Management in 1999, and has been the Director of Fixed Income since 2013. Michael is a Principal at the firm and is a member of the Fixed Income Strategy Team. His primary responsibilities include fixed income portfolio management, credit analysis and leading the firm's fixed income group. He currently serves as member of the Finance Committee, a member of Portfolio Strategy and Asset Allocation team, and the lead manager on the fixed income mutual fund complex. He has over 20 years of industry experience including roles within Johnson as Associate Portfolio Manager in the Private Client Group, Fixed Income Trader, Fixed Income Analyst, and Manager of Fixed Trading and Research. He received a B.S. in Finance & Accounting from Miami University and holds the Chartered Financial Analyst designation.



» **Brandon Zureick, CFA**, PORTFOLIO MANAGER, PRINCIPAL

Mr. Zureick joined Johnson Asset Management in 2011 and serves as Portfolio Manager. Brandon is also a Principal of the firm and serves as a member of the Fixed Income Strategy Team. His primary responsibilities include fixed income portfolio management and macro-economic strategy. Previously, Brandon held the position of Fixed Income Analyst & Trader. Prior to joining the firm, Brandon was a Portfolio Analyst for Robert W. Baird. He received a B.S. in Finance from University of Cincinnati and holds the Chartered Financial Analyst Designation.



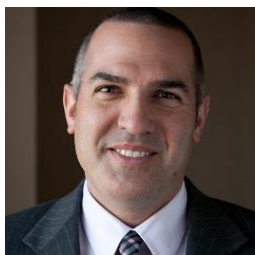
» **David Theobald, CFA**, PORTFOLIO MANAGER

Mr. Theobald joined Johnson Asset Management in 2013 and serves as Portfolio Manager. David is also a member of the Fixed Income Strategy Team. His primary responsibilities include fixed income portfolio management, trading and credit analysis, specializing in short duration securities. Previously, David held the position of Fixed Income Analyst. Prior to joining the firm, David held positions with Fort Washington Investment Advisors and Cincinnati Financial Corporation. He received a B.B.A. in Finance from the University of Cincinnati and holds the Chartered Financial Analyst designation.



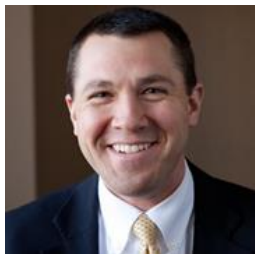


## RESEARCH & TRADING



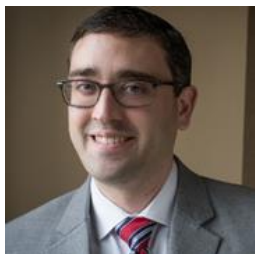
» **Aaron Taylor, CFA**, RESEARCH ANALYST

Mr. Taylor joined Johnson Investment Counsel in 1999. In his role on the Research Team, Mr. Taylor is responsible for the Energy, Healthcare, Materials and Utilities sectors. Prior to joining the firm, Mr. Taylor worked for Fidelity Investments in Mutual Fund Services, Brokerage Trading, Specialty Trading, and as a Tax Specialist. Mr. Taylor has served as Treasurer of the Clermont Central Soccer Association Board since 2010 and is a past Board of Education Member for the Felicity-Franklin Local School District where he served as a Finance Committee Member and Legislative Liaison. He received his B.A. in Mathematics from the University of Cincinnati and holds the Chartered Financial Analyst designation.



» **Bill Jung, CFA**, RESEARCH ANALYST

Mr. Jung joined Johnson Investment Counsel in 2000. In his role on the Research Team, Mr. Jung is responsible for the Financials sector. He is a former member of the firm's Portfolio Strategy Team as well as the Equity Strategy Team. He is a member of the Cincinnati Society of Financial Analysts, currently serves on the Board of Trustees of Royalmont Academy as Treasurer, is actively involved as a parishioner of St. John the Baptist Parish and is also a member of the Knights of Columbus-St. John the Baptist Dry Ridge Council. Prior to joining the firm, Mr. Jung earned his B.B.A. in Finance from the University of Cincinnati and holds the Chartered Financial Analyst designation.



» **Joe Edelstein, CFA**, RESEARCH ANALYST

Mr. Edelstein joined Johnson Investment Counsel in 2017 as a Research Analyst and also serves as a member of the SMID Cap Core Strategy Team. In this role, Mr. Edelstein is responsible for the Consumer Discretionary and Consumer Staples sectors. Before joining the firm, he served as Vice President at Stephens Inc. Prior to that, Mr. Edelstein was as a Summer Equity Analyst at Invesco Ltd. and held equity research roles at BMO Capital Markets and Raymond James Financial. He graduated with a B.S.B.A., cum laude, from the University of Arkansas, holds an M.B.A. from Emory University and holds the Chartered Financial Analyst designation.

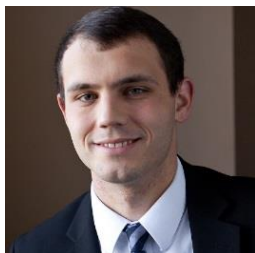


» **Chris Godby, CFA**, RESEARCH ANALYST

Mr. Godby joined Johnson Investment Counsel in 2013 as a Research Analyst and also serves as a member of the SMID Cap Core Strategy Team. In this role, Mr. Godby is responsible for the Technology and Telecom sectors. Before joining the firm, Mr. Godby worked as an Investment Executive at Corporate One Federal Credit Union and as an Equity Research Associate at Stephens Inc. covering Industrial Technology. He received a B.A. in Finance and Pre-Law from Ohio University, an M.B.A. in Finance and Corporate Strategy from the University of Michigan and holds the Chartered Financial Analyst designation.



## RESEARCH & TRADING



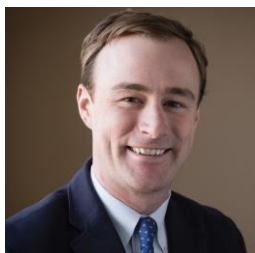
» **R. Ryan Martin, CFA**, RESEARCH ANALYST

Mr. Martin joined Johnson Investment Counsel in 2015 and is a fixed income research analyst and trader. He is part of the Fixed Income Strategy team. Prior to joining the Johnson, Ryan worked as an Associate Performance Analyst at Fort Washington Investment Advisors, as well as a Trading Support Associate at Eagle Asset Management. He received a Bachelor's degree in Finance from Michigan State University and holds the Chartered Financial Analyst designation.



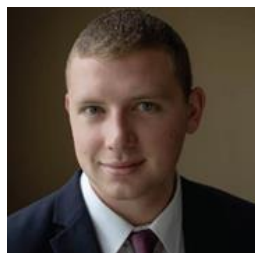
» **Emilia Connor**, RESEARCH ASSOCIATE & TRADER

Ms. Connor joined Johnson Investment Counsel in 2018 and is a Research Associate & Trader. Prior to joining Johnson, Emilia worked at Fund Evaluation Group as a Fixed Income and Diversifying Strategies Analyst intern. Prior to that position, Emilia was a Business Process Analyst intern at the Business Backer. She received her Bachelor's degree in Finance from the University of Cincinnati. Emilia is currently a candidate for a Master's of Science degree in Finance with a Master's Certificate in Data Analytics from the University of Cincinnati.



» **Bryan Andress**, RESEARCH ANALYST

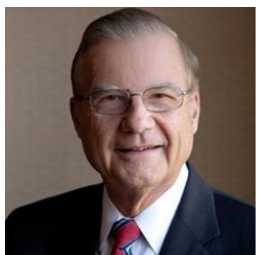
Mr. Andress joined Johnson Investment Counsel in 2013 and currently serves as a Research Analyst and as a member of the SMID Cap Core Strategy Team. In this role, Mr. Andress is responsible for the Industrials sector. He currently serves as a Young Professional Board Member and Big Brother Mentor for Big Brothers Big Sisters of Greater Cincinnati. Mr. Andress received a B.B.A. in Accounting and Finance from Ohio University and is a 2018 Level III Candidate in the CFA program.



» **Brad Morrissey**, RESEARCH ASSOCIATE

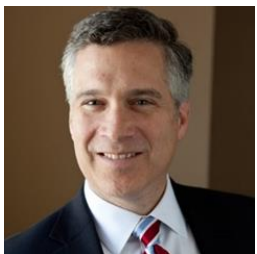
Mr. Morrissey joined Johnson Investment Counsel in 2017 as a Research Associate. In his role on the Research Team, Mr. Morrissey is responsible for covering REIT's. Before joining the firm, he worked in an intern capacity for Johnson Investment Counsel, AXA Advisors and Stratos Wealth Partners. Mr. Morrissey received his B.B.A. in Economics and Finance from Ohio University and is a 2018 Level II Candidate in the CFA program.

## MANAGEMENT & KEY PROFESSIONALS



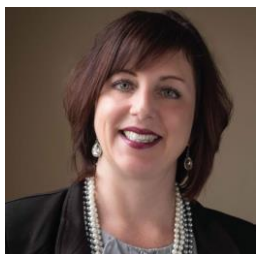
### » **Timothy Johnson, Ph.D.**, FOUNDER & CHAIRMAN, PRINCIPAL

Dr. Johnson is a financial and investment consultant, a Professor of Finance at the University of Cincinnati, and the Founder and Chairman of Johnson Investment Counsel, Inc., and is a Principal of the firm. He started the firm in 1965, based on his interest in sound fundamental security analysis and portfolio management as well as his desire to bring theory into practice and provide comprehensive financial counsel. He is the author of three textbooks, has written numerous journal articles on finance, and has spoken at many seminars around the country. Tim is also an active member of numerous professional and civic organizations in the Greater Cincinnati community. Dr. Johnson earned a Ph.D. in Finance from the University of Illinois, an M.B.A. in Finance from the University of Akron and a B.A. in Economics from North Park University.



### » **Fred Brink, CFA**, MANAGING DIRECTOR, PRINCIPAL

Mr. Brink joined Johnson Investment Counsel in 1997 and serves as Managing Director of the Asset Management division. Fred is also a Principal of the firm. In this role, he is responsible for the management and oversight of the Johnson Asset Management division in addition to serving as a member of the Portfolio Strategy Team. Fred has previously served as a Portfolio Manager within the Private Client group and as a Research Analyst. Prior to joining the firm, he was a Trust Investment Officer and Fund Manager with U.S. Bank. He is a member of the Cincinnati Society of Financial Analysts, a member of the Financial Advisory Board for the Finance Department at the University of Cincinnati and a past board member for the Blue Ash Montgomery Symphony Orchestra. He received his B.B.A. in Finance from University of Cincinnati and holds the Chartered Financial Analyst designation.



### » **Holli Alexander**, CHIEF OPERATING OFFICER

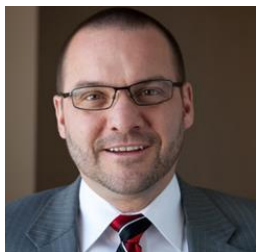
Ms. Alexander joined Johnson Investment Counsel in 2017 as Chief Operating Officer. Prior to joining the firm, she served as a Senior Relationship Manager for Charles Schwab and Senior Vice President & Chief Operations Officer for Citizens Charter One Investment Services. Ms. Alexander received her B.S. in Business Administration from the University of Alabama at Birmingham.



### » **Brian Kute, CFA**, PORTFOLIO MANAGER, PRINCIPAL

Mr. Kute joined Johnson Investment Counsel in 1994 and serves as Portfolio Manager on the SMID Cap Core Equity strategy. Brian is also a Principal of the firm. In this role, Mr. Kute is responsible for the strategy that he developed in 2013 which includes the oversight of all portfolio management and research in addition to leading the SMID Cap Core Strategy Team. He has over 25 years of industry experience including roles as a Fund Manager, Director of Research, Research Analyst, Equity Trader and as an investment committee member. Prior to joining the firm, Brian worked for Gradison McDonald Investments, Inc. He serves as the Finance Committee Chairman for the Covington Latin School Board and is Treasurer for the St. Henry School Athletic Boosters organization. Mr. Kute received a B.B.A. in Finance & Economics from the University of Kentucky and holds the Chartered Financial Analyst designation.

## COMPLIANCE



» **Scott Bischoff, IACCP**, CHIEF COMPLIANCE OFFICER, PRINCIPAL

Mr. Bischoff joined Johnson Investment Counsel in 1988 and serves as Chief Compliance Officer and is a Principal of the firm. Mr. Bischoff has also served as an Adjunct Professor at the University of Cincinnati and is a current member of the Oak Hills Local School District Board, the Cincinnati Shakespeare Company Board and the Mercy West Hospital Community Advisory Committee. He received his M.B.A. from the University of Cincinnati and his B.B.A. in Finance from the University of Dayton. Scott has also earned the Investment Adviser Certified Compliance Professional (IACCP) designation.



» **Marc Figgins**, DIRECTOR OF FUND SERVICES

Mr. Figgins joined Johnson Investment Counsel in 2001, and serves as Director of Fund Services. Prior to joining the firm, Marc worked for 15 years in the Operations Department at Gradison-McDonald Investments. He received his M.B.A. in Finance from Xavier University and his B.S. in Marketing from Northern Kentucky University. He is a Board Member of the Northern Kentucky Fellowship of Christian Athletes. Marc is also a freelance photographer and captures sports images for various media outlets.



» **Kathy Sias**, RISK OFFICER

Ms. Sias joined Johnson Investment Counsel in 2008 and serves as the Risk Officer within Compliance. Previously, Kathy held the position of Operations Manager and Operations Associate. Prior to joining the firm, she worked for U.S. Bank and Fifth Third Bank in Corporate Trust and Custody. Kathy received her B.A. in Political Science from the University of Cincinnati. She participated in the Cincinnati USA Chamber of Commerce WE Lead program.



» **Jennifer Kelhoffer**, COMPLIANCE ASSOCIATE

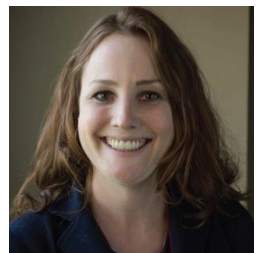
Ms. Kelhoffer joined Johnson Investment Counsel in 2006 and serves as Compliance Associate for both Johnson Investment Counsel and the Johnson Mutual Funds. Prior to joining the firm, Jennifer worked for 10 years in management at Equity Analysts, Inc. She received her B.S.B.A. in Finance and Accounting from The Ohio State University. She is a member of the Executive Committee for the Ben Kelhoffer Foundation and is a member of the Greater Cincinnati Mutual Fund Association.

## CLIENT SERVICE, SALES & MARKETING



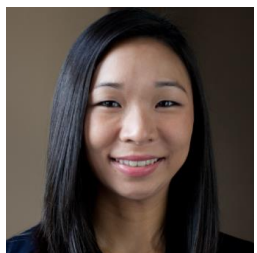
» **Michael Hoover**, DIRECTOR, INSTITUTIONAL SALES & CLIENT SERVICE

Mr. Hoover joined Johnson Asset Management in 2015 as the Director of Institutional Sales & Client Service. He brings over 30 years of industry experience to the firm working with institutional consultants and various institutional investors including: Taft-Hartley Plans, Public Funds, Police & Firefighter Funds, Corporate Plans, Foundations & Endowments, Higher Education, Insurance, Captive Insurance Plans and other non-profit organizations. Michael most recently served as Partner & Director of Institutional Sales for St. Louis based Argent Capital Management. Prior to joining Argent, he served as Vice President & Institutional Director at Reams Asset Management, a division of Scout Investments. Before moving to Reams, he served as the Director of Taft-Hartley Marketing & Client Service for Lord, Abnett & Co. Michael began his career at Conseco Capital Management, Inc. where his experience included Institutional Sales, Client Service, Operations and Fixed Income Trading. He most recently served as Vice President and Director of Marketing, Sales & Client Service. He earned a B.S. in Public Finance from Indiana University and is accredited as a Certified Securities Operations Professional by the Institute of Certified Bankers.



» **Emily Fox, CAIA**, DIRECTOR OF INSTITUTIONAL SALES

Ms. Fox joined Johnson Asset Management in 2017 as Director of Institutional Sales. She brings over 12 years of experience working with institutional clients and consultants to the firm. Prior to joining the firm, Ms. Fox served as Vice President of Consultant Relations at Santa Barbara Asset Management and Director of Consultant Relations at PNC Capital Advisors. Preceding this, she was the lead relationship manager for the U.S. Analytics, Research and Tools Client Service Team at Mercer. At Mercer, Ms. Fox supported various institutional clients across the Corporate, Foundation, Endowment and Public Fund markets. Ms. Fox is an Associate Board Member and Treasurer of Open Books and is an active member of literacy programs in her community and a member of the Chicago Women's Investment Professionals. She received her M.B.A. in Financial Analytics from Kellstadt School of Business at DePaul University and her B.S. in Human Resources and Marketing from Marquette University. She holds a Chartered Alternative Investment Analyst designation.

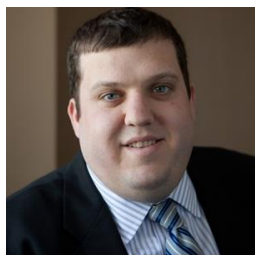


» **Irene Tsai, CFA, CFP, ChFC, CLU**, DIRECTOR, INTERMEDIARIES & CLIENT SERVICE

Ms. Tsai joined Johnson Asset Management in 2015. Before joining the firm, she worked at Nationwide Financial first as an Internal Annuity Sales and Service Analyst, and then as a Regional Internal Consultant. She is a Women's Initiative mentor for the CFP® Board and is a member of Cincinnati Estate Planning Council. She is also a member of Tzu Chi and is actively involved in supporting development efforts in the historic districts of Hamilton, Ohio. Ms. Tsai received her B.A. in Economics and Music Performance from Denison University and holds the Chartered Financial Analyst designation. She also holds the Certified Financial Planner, Chartered Financial Consultant and Chartered Life Underwriter designations.



## CLIENT SERVICE, SALES & MARKETING



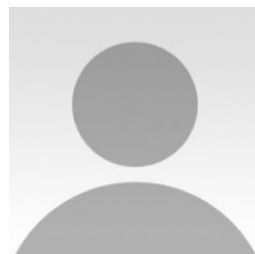
» **Alex Bey, CFA**, ASSOCIATE PORTFOLIO MANAGER & RFP SPECIALIST

Mr. Bey joined Johnson Asset Management in 2010 and currently serves as an Associate Portfolio Manager & RFP Specialist. Mr. Bey is a member of the Marketing & Client Service Team responsible for coordinating all aspects of the RFP/RFI process in addition to providing and coordinating custom client reporting and internal support to the sales team. He is involved with LaSalle High School through their LaSallian Scholars Programs and is a past Committee Member for the United Way LINC. He received his B.A.A. in Finance from the University of Cincinnati and holds the Chartered Financial Analyst designation.



» **Margaret Palmer**, INSTITUTIONAL ACCOUNT ADMINISTRATOR

Ms. Palmer joined Johnson Asset Management in 2008 and serves as Institutional Account Administrator. Ms. Palmer is a member of the Marketing & Client Service Team responsible for implementing various aspects of our client service initiatives. These initiatives include coordinating the integration of all new client accounts, maintaining our operational relationships with our various custodian banks as well as custom client reporting. She is the former Board President and current Trustee of UpSpring, a local non-profit charitable organization. Ms. Palmer received a B.A. in Economics from the University of Cincinnati.



» **David Ostmann**, INSTITUTIONAL OPERATIONS ASSOCIATE

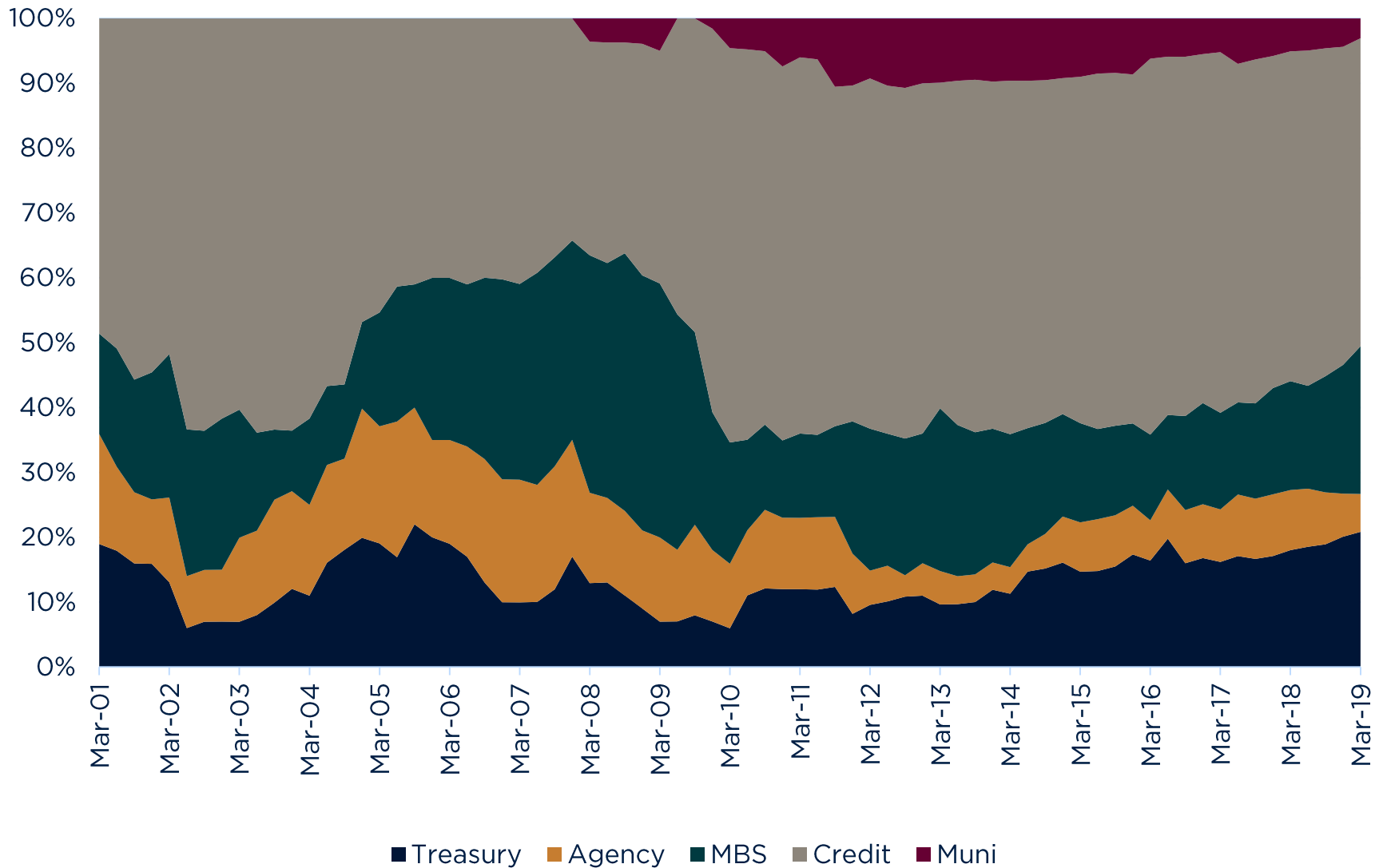
Mr. Ostmann joined Johnson Asset Management in 2018. He is an Operations Associate on the Asset Management team in Cincinnati, Ohio, and holds an MBA designation. Prior to joining the firm, he worked for Chase Bank for seven years as a Chase Private Client Banker as well as in the operations division at Fifth Third Bank.



» **Jill Matsuda**, INSTITUTIONAL ADMINISTRATIVE ASSISTANT

Ms. Matsuda joined Johnson Asset Management in 2013 as an Institutional Administrative Assistant. Before joining the firm, Ms. Matsuda worked as a Business Services Administrator at CBRE and as a Business Operations Manager at Glenmore Springs LLC. She has a B.S. in Business Education from Northern Kentucky University and an Associates in Office Systems Technology from the University of Cincinnati.

## HISTORICAL SECTOR ALLOCATION - CORE



# INVESTMENT PROCESS

**Bottom-Up Fundamentals Analysis combined with a Top-Down Overlay**

## **Bottom-Up Analysis:**

- Strict Adherence to Credit Discipline
- Team Approval Process
- Rigorous Relative Value Approach
- Exploit Market Inefficiencies & Value Added Trading



**CLIENT  
PORTFOLIO**

## **Top Down Overlay:**

- Portfolio Duration
- Maturity Structure
- Sector Allocation
- Optimal Curve Positioning



## CREDIT DISCIPLINE

Our intensive fundamental bottom-up credit research and monitoring process is the cornerstone to our belief that superior credit selection produces superior risk-adjusted returns. We build and structure each client's portfolio from the bottom-up – focusing on optimal bond selection, tightly controlled duration disciplines and close management of all portfolio risk factors.

### Credit Selection

- Mkt Cap > \$30 Billion
- Identify and Avoid Credit Cliffs
- Evaluate Earnings Quality
- Avoid Sectors in Long Term Decline
- Avoid Cyclical Industries
- Quality Management Teams
- Stable To Improving Fundamentals

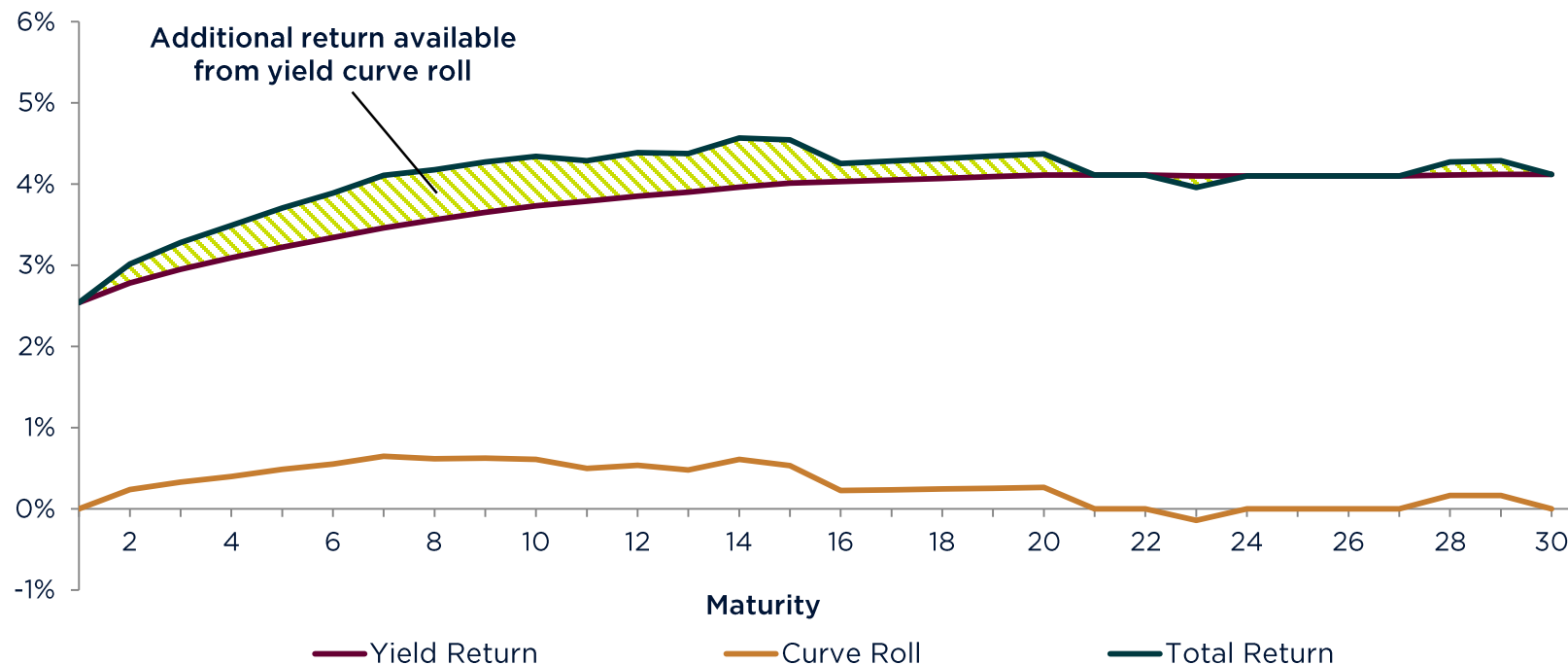
### Credit Monitoring

- Sector Analysis
  - Quantitative monitoring of holdings
  - Proprietary Modeling and Stress Testing
- 
- Third Party Credit Services
  - Sell Side Research
  - Rating Agencies

### Trading & Relative Value

- 100% Unanimous Agreement
- Intense Focus on Relative Value
- Not driven entirely by highest spread
- Sell any names that have potential to be downgraded to junk or have risk of default prior to maturity

## YIELD CURVE ROLL - ADDS TO TOTAL RETURN



- » Curve roll return has diminished as the yield curve has flattened, though is still additive among intermediate maturities
- » Rolling from off-the-run to on-the-run maturities provides additional curve roll opportunities
- » Curve roll does not require interest rates to decline or credit spreads to tighten and provides a cushion to rising interest rates

# INSTITUTIONAL CORE COMPOSITE

	COMPOSITE- GROSS OF FEES	COMPOSITE- NET OF FEES	BENCHMARK	3-YEAR STD DEV COMPOSITE	3-YEAR STD DEV BENCHMARK	NUMBER OF PORTFOLIOS	COMPOSITE ASSETS (\$MM)	FIRM ASSETS (\$MM)	COMPOSITE DISPERSION
<b>2018</b>	0.23%	-0.02%	0.01%	2.73%	2.88%	29	1,483	3,212	0.19
<b>2017</b>	4.12%	3.86%	3.54%	2.82%	2.81%	26	1,234	2,842	0.18
<b>2016</b>	3.81%	3.55%	2.65%	3.07%	3.02%	19	856.24	2,669	0.24
<b>2015</b>	1.16%	0.91%	0.55%	3.07%	2.92%	17	676.91	2,244	0.24
<b>2014</b>	7.10%	6.84%	5.97%	2.78%	2.67%	12	616.28	2,467	0.23
<b>2013</b>	-1.52%	-1.76%	-2.02%	2.78%	2.75%	14	579.63	2,347	0.29
<b>2012</b>	5.29%	5.03%	4.22%	2.56%	2.42%	12	506.56	2,171	0.46
<b>2011</b>	8.12%	7.86%	7.84%	2.96%	2.82%	12	480.91	2,121	0.98
<b>2010</b>	7.09%	6.83%	6.54%	4.88%	4.23%	9	437.22	1,659 <sup>+</sup>	0.79
<b>2009</b>	7.52%	7.26%	5.93%	4.83%	4.17%	10	466.45	4,752	0.10

<sup>+</sup>Beginning January 1, 2010, the firm was redefined as Johnson Institutional Management which only includes institutional client assets with a single asset mandate. In 2019, Johnson Institutional Management was renamed Johnson Asset Management. Assets of the Private Client Group have been segregated into a separate firm referred to as Johnson Investment Counsel.

Johnson Asset Management (JAM) is a division of Johnson Investment Counsel, Inc., an independent and privately owned Midwestern based investment advisory firm registered with the Securities and Exchange Commission. Johnson Asset Management claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Johnson Institutional Management has been independently verified for the periods 1/1/2010 – 12/31/2018. The verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not indicative of future results.

**Composite:** The Core Fixed Income composite was created on July 31, 2004, and includes all fee paying, fully discretionary institutional fixed income portfolios with a minimum of \$500,000 and an investment objective of broad investment grade, taxable fixed income, benchmarked against the Barclay's Capital Aggregate Index. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-through), ABS and CMBS (agency and non-agency). All securities included in the index have a maturity of at least one year or longer. Prior to 2008, the minimum asset size for inclusion was \$1,000,000. Effective 1/1/2009, the composite was modified to include actively managed taxable and tax-exempt institutional fixed income portfolios. Eligible new portfolios are included in the composite the first full month after being deemed fully invested. The returns from terminated portfolios are included prior to the date of termination. Effective January 2010, a portfolio will be temporarily removed from this composite if it experiences a net inflow or outflow of cash of 30% or more during a one-month period, beginning 1/1/2014 aggregate inflows or outflows of cash of 30% or more during a one month period will result in a portfolio being temporarily removed.

No leverage is used in the Composite portfolios. Portfolios in this composite include cash, cash equivalents, investment securities, interest and dividends. The U.S. dollar is the base currency. Prior to 2010, fixed income that was segments of balanced portfolios, is included in this composite and cash was maintained on a pro-rata basis in accordance with our asset allocation ratio. The percent of composite assets represented by the balanced portfolios is: 2006 – 12%, 2007 – 12%, 2008 – 14%, 2009 – 11%.

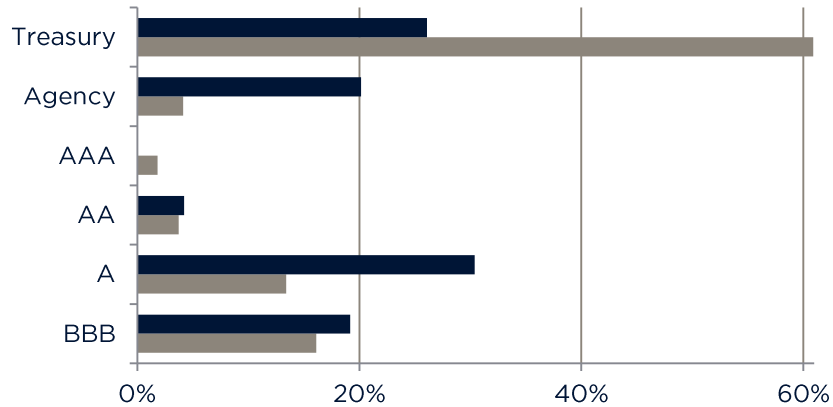
**Performance and Fee:** All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. Valuations and returns are stated in U.S. dollars. Trade date accounting is used. Portfolio returns are calculated using time weighted return methodology on a monthly basis. Net returns shown reflect gross performance less the highest fee schedule for this strategy. The investment management fee schedule for this strategy is as follows: 0.25% on the first \$50 million, 0.20% on the next \$50 million, 0.10% on the next \$400 million, and 0.05% thereafter. Dispersion: Internal dispersion is calculated using equal weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The 3-year annualized ex-post standard deviation is calculated using monthly returns to measure the average deviations of returns from its mean.

**Firm Definition:** Johnson Asset Management provides professional and continuous asset management to a wide array of institutional clients, specializing in quality fixed income and enhanced equity index strategies. Effective 1/1/2010, the Firm definition was changed to the Institutional division of Johnson Investment Counsel, which exclusively includes institutional clients with a single asset mandate.

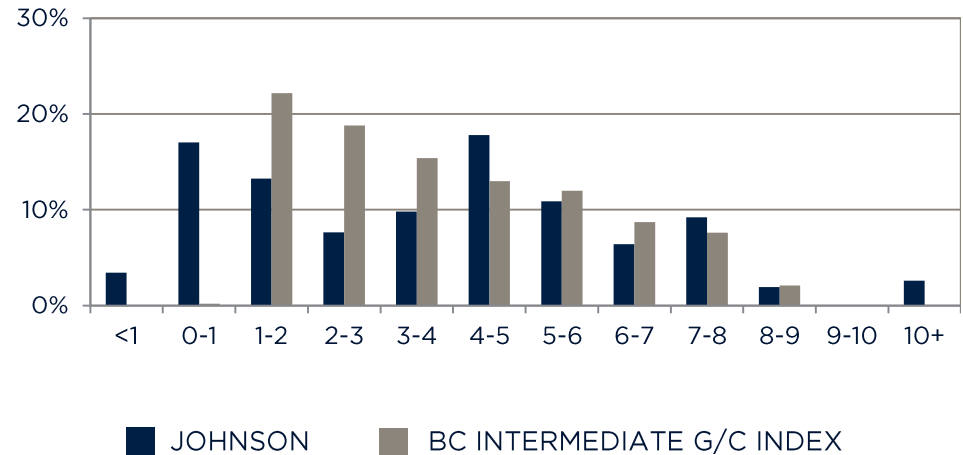
**Information:** JAM's policies for valuing portfolios, calculating performance and preparing compliant presentations, as well as a complete list of composite descriptions are available upon request. Please contact our office at (513) 389-2770 or 3777 West Fork Road, Cincinnati, OH 45247.

# INTERMEDIATE PORTFOLIO COMPOSITION

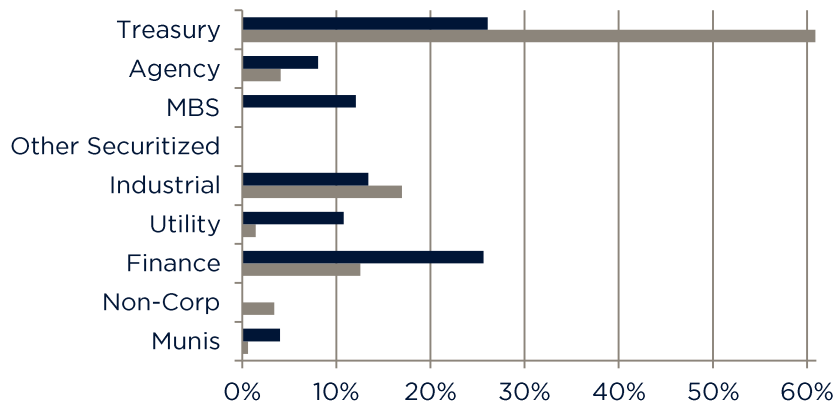
## QUALITY WEIGHTINGS



## DURATION ALLOCATION



## SECTOR WEIGHTINGS

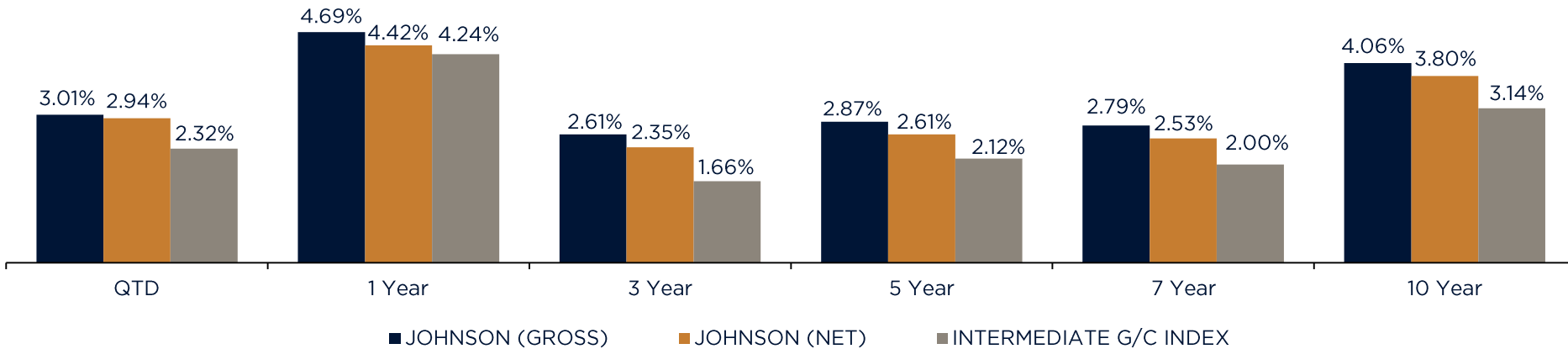


PORTFOLIO SUMMARY	JOHNSON	INDEX
COUPON	3.14%	2.70%
YIELD TO MATURITY	2.82%	2.62%
WEIGHTED AVG. MATURITY (IN YRS)	4.60	4.31
WEIGHTED AVG. DURATION (IN YRS)	3.93	3.90
CONVEXITY	0.07	0.22

# PERFORMANCE

## JOHNSON INTERMEDIATE FIXED INCOME

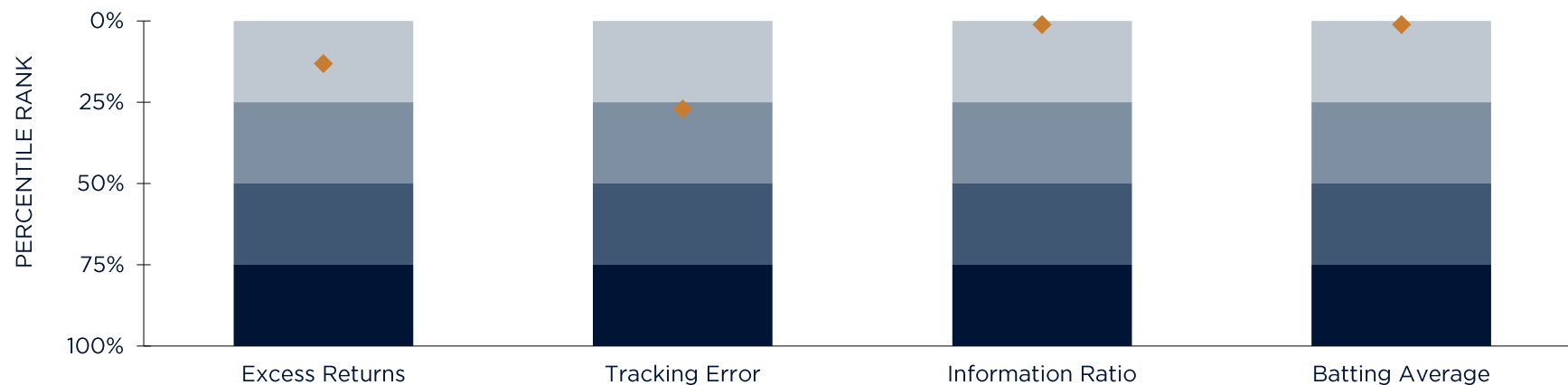
(periods ending 3/31/2019)



## ANNUAL RETURNS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
JOHNSON (GROSS)	0.65%	3.28%	3.50%	1.21%	4.38%	-0.44%	5.24%	6.27%	6.36%	7.31%	7.33%
JOHNSON (NET)	0.39%	3.03%	3.25%	0.96%	4.12%	-0.69%	4.98%	6.01%	6.10%	7.04%	7.06%
INTER G/C INDEX	0.88%	2.14%	2.08%	1.07%	3.13%	-0.86%	3.89%	5.80%	5.89%	5.24%	5.08%

## RISK ADJUSTED PERFORMANCE



	EXCESS RETURNS	TRACKING ERROR	INFORMATION RATIO	BATTING AVERAGE
5 <sup>TH</sup> PERCENTILE	1.11	0.58	0.87	0.75
25 <sup>TH</sup> PERCENTILE	0.63	0.75	0.52	0.71
MEDIAN	0.35	1.05	0.35	0.64
75 <sup>TH</sup> PERCENTILE	0.16	1.56	0.18	0.58
95 <sup>TH</sup> PERCENTILE	-0.19	2.60	-0.19	0.43
# OF OBSERVATIONS	108	108	108	108

FIRM/PRODUCT	EXCESS RETURNS	RANK	TRACKING ERROR	RANK	INFORMATION RATIO	RANK	BATTING AVERAGE	RANK
JOHNSON ASSET MANAGEMENT INTERMEDIATE FIXED INCOME	0.87	13	0.76	27	1.14	1	0.80	1

Note: eVestment Alliance Intermediate Fixed Income: 1Q2002 – 1Q2019 vs. Barclay's Intermediate G/C Index.



# INSTITUTIONAL INTERMEDIATE COMPOSITE

	COMPOSITE- GROSS OF FEES	COMPOSITE- NET OF FEES	BENCHMARK	3-YEAR STD DEV COMPOSITE	3-YEAR STD DEV BENCHMARK	NUMBER OF PORTFOLIOS	COMPOSITE ASSETS (\$MM)	FIRM ASSETS (\$MM)	COMPOSITE DISPERSION
<b>2018</b>	0.65%	0.39%	0.88%	1.95%	2.12%	11	162.88	3,212	0.12
<b>2017</b>	3.27%	3.02%	2.14%	1.97%	2.14%	14	153.47	2,842	0.09
<b>2016</b>	3.50%	3.25%	2.08%	2.15%	2.26%	12	130.34	2,669	0.10
<b>2015</b>	1.21%	0.96%	1.07%	2.22%	2.13%	15	154.03	2,244	0.15
<b>2014</b>	4.38%	4.12%	3.13%	2.15%	1.96%	15	129.28	2,467	0.24
<b>2013</b>	-0.44%	-0.69%	-0.86%	2.17%	2.14%	21	156.89	2,347	0.12
<b>2012</b>	5.24%	4.98%	3.89%	2.10%	2.19%	12	56.36	2,171	0.25
<b>2011</b>	6.27%	6.01%	5.80%	2.60%	2.59%	9	48.88	2,121	0.32
<b>2010</b>	6.36%	6.10%	5.89%	4.20%	3.96%	9	44.83	1,659 <sup>+</sup>	0.49
<b>2009</b>	7.31%	7.04%	5.24%	4.13%	3.88%	27	101.44	4,752	1.37

<sup>+</sup>Beginning January 1, 2010, the firm was redefined as Johnson Institutional Management which only includes institutional client assets with a single asset mandate. In 2019, Johnson Institutional Management was renamed Johnson Asset Management. Assets of the Private Client Group have been segregated into a separate firm referred to as Johnson Investment Counsel.

Johnson Asset Management (JAM) is a division of Johnson Investment Counsel, Inc., an independent and privately owned Midwestern based investment advisory firm registered with the Securities and Exchange Commission.

Johnson Asset Management claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Johnson Institutional Management has been independently verified for the periods 1/1/2010 – 12/31/2018. The verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not indicative of future results.

**Composite:** The Intermediate Fixed Income composite was created on July 31, 2004, and includes all fee paying, fully discretionary institutional fixed income portfolios with a minimum of \$500,000 and an investment objective of intermediate maturity, investment grade taxable fixed income, benchmarked against the Barclay's Capital Intermediate G/C Index. The Barclays Capital U.S. Intermediate Government/Credit Index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years. Prior to 2008, the minimum asset size for inclusion was \$1,000,000. Effective 1/1/2009, the composite was modified to include actively managed taxable and tax-exempt institutional fixed income portfolios. Eligible new portfolios are included in the composite the first full month after being deemed fully invested. The returns from terminated portfolios are included prior to the date of termination. Effective January 2010, a portfolio will be temporarily removed from this composite if it experiences a net inflow or outflow of cash of 30% or more during a one-month period, beginning 1/1/2014 aggregate inflows or outflows of cash of 30% or more during a one month period will result in a portfolio being temporarily removed.

No leverage is used in the Composite portfolios. Portfolios in this composite include cash, cash equivalents, investment securities, interest and dividends. The U.S. dollar is the base currency. Prior to 2010, fixed income that was segments of balanced portfolios, is included in this composite and cash was maintained on a pro-rata basis in accordance with our asset allocation ratio. The percent of composite assets represented by the balanced portfolios is: 2006 – 12%, 2007 – 11%, 2008 – 37%, 2009 – 27%.

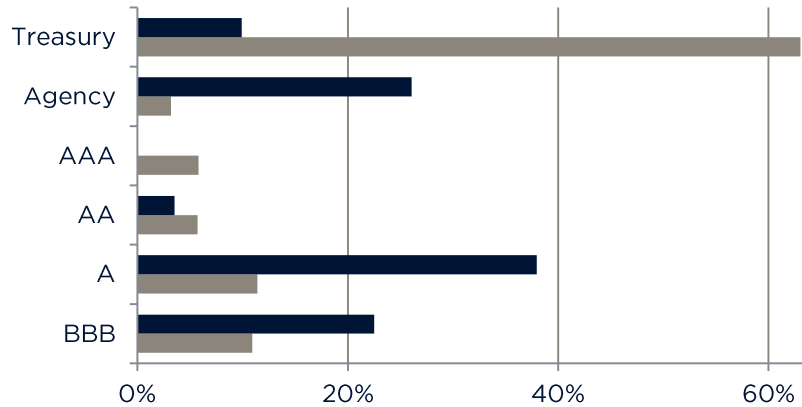
**Performance and Fee:** All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. Valuations and returns are stated in U.S. dollars. Trade date accounting is used. Portfolio returns are calculated using time weighted return methodology on a monthly basis. Net returns shown reflect gross performance less the highest fee schedule for this strategy. The investment management fee schedule for this strategy is as follows: 0.25% on the first \$50 million, 0.20% on the next \$50 million, 0.10% on the next \$400 million, and 0.05% thereafter. Dispersion: Internal dispersion is calculated using equal weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The 3-year annualized ex-post standard deviation is calculated using monthly returns to measure the average deviations of returns from its mean.

**Firm Definition:** Johnson Asset Management provides professional and continuous asset management to a wide array of institutional clients, specializing in quality fixed income and enhanced equity index strategies. Effective 1/1/2010, the Firm definition was changed to the Institutional division of Johnson Investment Counsel, which exclusively includes institutional clients with a single asset mandate.

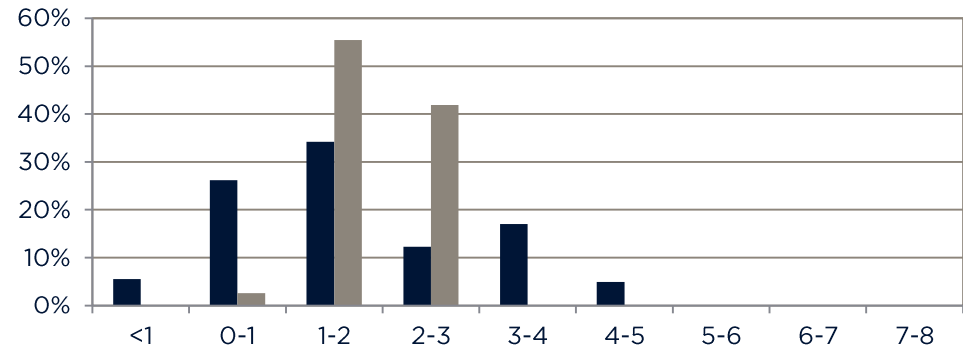
**Information:** JAM's policies for valuing portfolios, calculating performance and preparing compliant presentations, as well as a complete list of composite descriptions are available upon request. Please contact our office at (513) 389-2770 or 3777 West Fork Road, Cincinnati, OH 45247.

# SHORT DURATION PORTFOLIO COMPOSITION

## QUALITY WEIGHTINGS

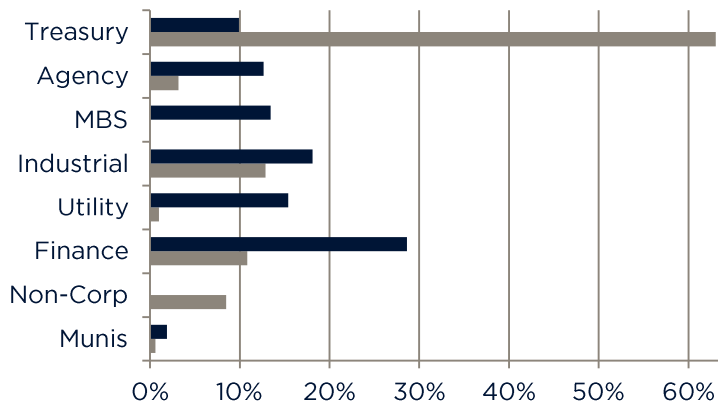


## DURATION ALLOCATION



■ JOHNSON    ■ ICE BofAML U.S. CORP & GOV'T, 1-3 YEARS

## SECTOR WEIGHTINGS



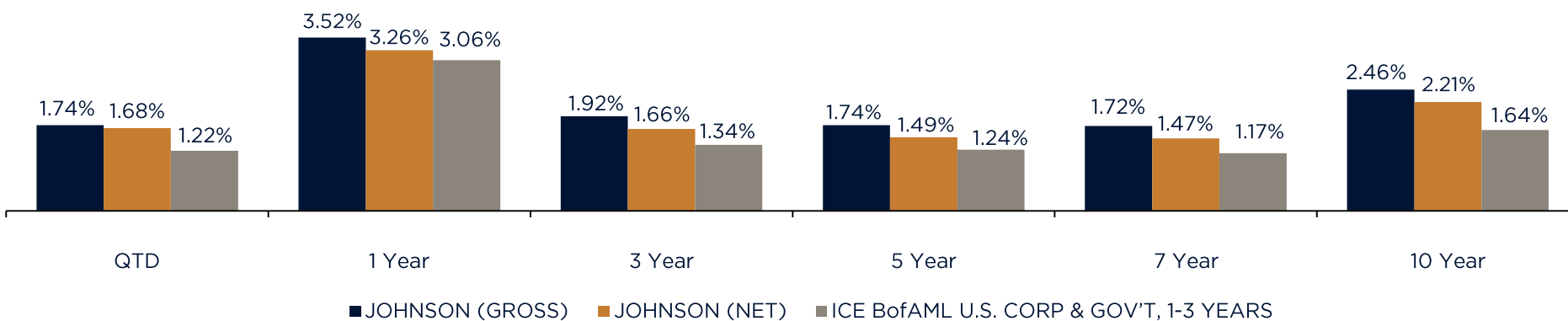
PORTFOLIO SUMMARY	JOHNSON	INDEX
COUPON	3.37%	2.58%
YIELD TO MATURITY	2.77%	2.49%
WEIGHTED AVG. MATURITY (IN YRS)	1.90	1.97
WEIGHTED AVG. DURATION (IN YRS)	1.67	1.80



# PERFORMANCE

## JOHNSON SHORT DURATION FIXED INCOME

(periods ending 3/31/2019)



## ANNUAL RETURNS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>JOHNSON (GROSS)</b>	1.39%	1.77%	1.94%	1.00%	1.66%	0.47%	3.16%	2.59%	3.44%	6.75%	4.82%
<b>JOHNSON (NET)</b>	1.14%	1.52%	1.69%	0.75%	1.41%	0.22%	2.90%	2.34%	3.18%	6.48%	4.56%
<b>ICE BOFAML U.S. CORP &amp; GOV'T, 1-3 YEARS</b>	1.63%	0.86%	1.29%	0.67%	0.78%	0.70%	1.48%	1.56%	2.82%	3.84%	4.69%

# INSTITUTIONAL SHORT DURATION COMPOSITE

	COMPOSITE- GROSS OF FEES	COMPOSITE- NET OF FEES	BENCHMARK	3-YEAR STD DEV COMPOSITE	3-YEAR STD DEV BENCHMARK	NUMBER OF PORTFOLIOS	COMPOSITE ASSETS (\$MM)	FIRM ASSETS (\$MM)	COMPOSITE DISPERSION
<b>2018</b>	1.39%	1.14%	1.64%	0.84%	0.81%	6	384.80	3,212	0.17
<b>2017</b>	1.77%	1.52%	0.86%	0.71%	0.73%	5	338.94	2,842	n/a
<b>2016</b>	1.94%	1.69%	1.29%	0.79%	0.74%	6	407.47	2,669	n/a
<b>2015</b>	1.00%	0.75%	0.67%	1.01%	0.58%	6	405.21	2,244	n/a
<b>2014</b>	1.66%	1.41%	0.78%	1.10%	0.50%	6	419.24	2,467	n/a
<b>2013</b>	0.47%	0.22%	0.70%	1.14%	0.55%	5	403.44	2,347	n/a
<b>2012</b>	3.16%	2.90%	1.48%	0.97%	0.73%	3	351.08	2,171	n/a
<b>2011</b>	2.59%	2.34%	1.56%	1.39%	1.05%	3	262.24	2,121	n/a
<b>2010</b>	3.44%	3.18%	2.82%	2.39%	1.72%	3	267.22	1,659 <sup>+</sup>	n/a
<b>2009</b>	6.75%	6.48%	3.84%	2.35%	1.82%	8	227.81	4,752	n/a

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**Composite:** The Short Duration Fixed Income composite was created on July 31, 2004, and includes all fee paying, fully discretionary institutional fixed income portfolios with a minimum of \$500,000 and an investment objective of short duration, investment grade taxable fixed income. The benchmark for this composite is the Merrill Lynch 1-3 Year G/C Index. The Merrill Lynch 1-3 Year Corporate/Government Bond Index includes publicly issued U.S. Treasury debt, U.S. government agency debt, taxable debt issued by U.S. states and territories and their political subdivisions, debt issued by U.S. and non-U.S. corporations, non-U.S. government debt and supranational debt. Eligible new portfolios are included in the composite the first full month after being deemed fully invested. The returns from terminated portfolios are included prior to the date of termination. Effective January 2010, a portfolio will be temporarily removed from this composite if it experiences a net inflow or outflow of cash of 30% or more during a one-month period, beginning 1/1/2014 aggregate inflows or outflows of cash of 30% or more during a one month period will result in a portfolio being temporarily removed. No leverage is used in the Composite portfolios. Portfolios in this composite include cash, cash equivalents, investment securities, interest and dividends. The U.S. dollar is the base currency. Prior to 2010, fixed income that was segments of balanced portfolios, is included in this composite and cash was maintained on a pro-rata basis in accordance with our asset allocation ratio. The percent of composite assets represented by the balanced portfolios is: 2006 – 2%, 2007 – 0%, 2008 – 1%, 2009 – 7%.

**Performance and Fee:** All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. Valuations and returns are stated in U.S. dollars. Trade date accounting is used. Portfolio returns are calculated using time weighted return methodology on a monthly basis. Net returns shown reflect gross performance less the highest fee schedule for this strategy. The investment management fee schedule for this strategy is as follows: 0.25% on the first \$50 million, 0.20% on the next \$50 million, 0.10% on the next \$400 million, and 0.05% thereafter. Dispersion: Internal dispersion is calculated using equal weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The 3-year annualized ex-post standard deviation is calculated using monthly returns to measure the average deviations of returns from its mean.

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## QUESTIONS? PLEASE CONTACT

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*One of our most important responsibilities to client and prospective clients is to communicate in an open and direct manner. Some of our comments in this presentation are based on current management expectations and are considered "forward-looking statements". Actual future results, however may prove to be different from our expectations. We cannot promise future results. Any performance expectations presented here should not be taken as any guarantee or other assurance as to future results. Our opinions are a reflection of our best judgment at the time this presentation was created, and we disclaim any obligation to update or alter forward-looking statements as a result of new information, future events or otherwise. The material contained herein is based upon proprietary information and is provided purely for reference and as such is confidential and intended solely for those to whom it was provided by JIC.*



THANK YOU

